



Texas Democratic Party

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

MAY 26 10 22 AM '99

May 20, 1999

MUR 4899

Lawrence Noble, Esq.
General Counsel
Federal Election Commission
999 E Street, N.W., 6th Floor
Washington, D.C. 20463

Dear Mr. Noble:

This complaint asserts that Texans for Good Government PAC (the "PAC"), Floyd E. Hodges, Jr., Ed Hodges, Rep. Pete Sessions, Loretta S. Campbell, Heidi M. Lange, George W. Strake, Jr., Jack Rains, Al G. Hill, Jr., Orlando Sanchez, Ray Allen, Ron Clark, Gary Elkins, Will Hartnett, Talmadge Heflin, Carl Islett and Elvira Reyna (collectively, "Respondents") violated the Federal Election Campaign Act (the "Act"), 2 U.S.C. §§ 431 et seq., and related regulations of the Federal Election Commission ("FEC" or the "Commission"), 11 C.F.R. §§ 100.1 et seq.¹

Texans for Good Government PAC registered with the Commission on January 29, 1999. (Attachment A.) However, for months prior to its registration, it functioned as a state PAC, illegally raising and spending soft money in connection with Federal elections. The evidence suggests that the PAC continues to operate in this illegal manner.

On September 25, 1998, the PAC registered with the State of Texas as a general purpose state PAC. (Attachment B.) However, from the outset, its clear purpose was to influence Federal elections. On November 27, 1998, the PAC sent a fundraising letter under the signature of Ed Hodges, its executive director, attacking Democratic Congressman Chet Edwards and pledging to "run targeted TV and radio commercials in

¹ Floyd E. Hodges, Jr. is the PAC's treasurer. Ed Hodges is its executive director. Rep. Pete Sessions is a Texas Republican Congressman whom the PAC supports. Loretta S. Campbell and Heidi M. Lange are the PAC's chair and vice-chair, respectively. The other named respondents serve on the PAC's advisory board. See Texans for Good Government targets Rep. Charlie Stenholm, Graham Leader, Mar. 17, 1999, at 14.

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Democrat [sic] districts across Texas to expose Democrats when they talk conservative but vote liberal." (Attachment C.) This mailing bore no disclaimer.

The PAC crossed the line again in a January 5, 1999 fundraising letter, also signed by Ed Hodges. (Attachment D.) After impugning the record of Democratic Congressman Martin Frost, the letter stated: "We can defeat Martin Frost, but to do so we must expose his liberal votes in Congress." (Emphasis added.) It then asked for funds in order "to help run an effective campaign to defeat Democrats like Martin Frost." (Emphasis added.) Like the previous mailing, this letter carried no disclaimer.²

The PAC did not register with the Commission until January 29, 1999 -- nearly four weeks after the Frost letter was apparently mailed. (Attachment A.) Yet even after submitting to the Commission's jurisdiction, the PAC gave the clear impression that it was raising and spending "soft money" to advocate the election of Republican federal candidates. A solicitation for an April 30 fund-raiser asked donors to support the PAC's "efforts to gain a Texas GOP Congressional Majority in the year 2000" by, among other things, writing "corporate [and] foundation . . . checks." (Attachment E.) The April 30 event was billed as a "Salute to Pete Sessions," suggesting that the Texas Republican congressman's reelection was among the purposes the PAC intended to serve with the corporate funds it raised.

Other PAC activities suggest a sustained effort to evade the limits of Federal election law under the guise of "issue advocacy." For example, in March 1999, the PAC made good on its earlier promises to attack Democratic candidates and issued a press release touting a "Five-Alarm List" of targeted Texas Democratic congressmen. See Texans for Good Government targets Rep. Charlie Stenholm, Graham Leader, Mar. 17, 1999, at 14. See also Michelle C. Lyons, Group says congressman has questionable voting record, Huntsville Item, Mar. 19, 1999, at 1; Edwards placed on "Five-Alarm" list, Marlin Democrat, Mar. 17, 1999, at 4. Apparently customized for the districts of

² A close look at the January 5 letter suggests that the PAC sent identical letters targeted at other Texas Democratic congressional candidates. In an apparent lapse, the letter states that "Texans for Good Government will run TV and radio commercials to expose Lampson's liberal votes" (emphasis added), referring to Democratic Congressman Nick Lampson of Texas's Ninth District. It is reasonable to assume that the PAC sent an identical letter expressly advocating Congressman Lampson's defeat, and simply failed to make the necessary changes when adapting it for use against Congressman Frost.

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Congressmen Chet Edwards, Jim Turner, Charlie Stenholm, Max Sandlin and Nick Lampson, the press release attacked each congressman for his so-called "questionable voting record." In the release, the PAC avoided any mention of its electioneering purpose, describing itself instead as "an issue-advocacy organization to monitor and expose votes by Texas' congressional delegation".

The Act clearly states that a committee must register with the Commission within 10 days after raising or spending in excess of \$1,000 for federal elections in a calendar year. 2 U.S.C. § 433(a); 2 U.S.C. § 431(4). It also clearly provides that a PAC must make all of its disbursements from funds subject to the prohibitions and limitations of the Act. 11 C.F.R. § 106.6(a).

Corporate contributions and individual contributions in excess of \$5,000 per calendar year, while permissible in some circumstances under Texas state law, are nonetheless barred by the Act for Federal elections. 2 U.S.C. § 441b; 2 U.S.C. § 441a(a)(1)(C). While a PAC supporting both Federal and nonfederal candidates may maintain separate Federal and nonfederal accounts and allocate some expenses between the two, it cannot do so when conducting an activity that solely involves express advocacy in connection with a Federal election. See 11 C.F.R. § 106.1. Even under the most literal interpretation of "express advocacy," that term encompasses an exhortation to "defeat" a sitting Member of Congress. See Buckley v. Valeo, 424 U.S. 1 (1976).

The PAC's January 5 letter unambiguously presents violations of the Act. The letter expressly advocates Congressman Martin Frost's defeat, and the PAC paid for it with funds beyond the Act's limits. Assuming the Frost letter cost more than \$1,000, the PAC was required to register with the Commission on or before January 15 -- yet it did not do so until January 29. And like the November 27 letter, the January 5 letter bore no disclaimer.

Multiple violations are suggested by the PAC's other activities. The PAC appears to have no purpose at all but "to gain a Texas GOP Congressional Majority in the year 2000." (Attachment F.) Its reports to date show no expenditures in support of state candidates. Meanwhile, it has apparently spent "soft money" to issue attack mailings against two Democratic congressmen and to promote the reelection of a Republican congressman. By registering and operating as a Texas state political committee, the PAC transparently intends to evade the more onerous source restrictions and amount limits of Federal law.

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There is every reason to believe that the PAC intends to continue this illegal scheme throughout the election cycle. Accordingly, the Commission should take swift action to remedy these violations, and seek an injunction so that they never recur.

Sincerely,

Molly Beth Malcolm

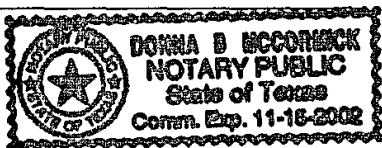
Molly Beth Malcolm
Chair of the Democratic Party

STATE OF Texas)
County of Travis)

SUBSCRIBED AND SWORN to before me this 25th day of May 1999.

Donna B. McCormick
Notary Public

My Commission Expires:



ATTACHMENT A

STATEMENT OF ORGANIZATION

(See reverse side for instructions)

1. (a) NAME OF COMMITTEE IN FULL TEXANS FOR GOOD GOVERNMENT PAC	<input type="checkbox"/> (Check if name is changed)	2. DATE 1/29/99
(b) Number and Street Address 700 N. PEARL #385-223	<input type="checkbox"/> (Check if address is changed)	3. FEC Identification Number
(c) City, State and ZIP Code DALLAS, TX 75201-7424		4. Is This Report An Amendment? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

RECEIVED
FEDERAL ELECTION
COMMISSION MAIL ROOM

FEB 5 1 20 PM '99

5. TYPE OF COMMITTEE (Check one)

- ☐ (a) This committee is a principal campaign committee. (Complete the candidate information below.)
- ☐ (b) This committee is an authorized committee, and is NOT a principal campaign committee. (Complete the candidate information below.)
- | Name of Candidate | Candidate Party Affiliation | Office Sought | State/District |
|-------------------|-----------------------------|---------------|----------------|
| | | | |
- ☐ (c) This committee supports/opposes only one candidate _____ (name of candidate) and is NOT an authorized committee.
- ☐ (d) This committee is a _____ committee of the _____ Party.
(National, State or subordinate) (Democratic, Republican, etc.)
- ☐ (e) This committee is a separate segregated fund.
- ☒ (f) This committee supports/opposes more than one Federal candidate and is NOT a separate segregated fund or a party committee.

6. Name of Any Connected Organization or Affiliated Committee	Mailing Address and ZIP Code	Relationship
TEXANS FOR GOOD GOVERNMENT	700 N. Pearl No. 385-223 Dallas, Tx 75201-7424	Affiliated

Type of Connected Organization

☐ Corporation ☐ Corporation with Capital Stock ☐ Labor Organization ☐ Membership Organization ☐ Trade Association ☐ Cooperative

7. Custodian of Records: Identify by name, address (phone number - optional) and position of the person in possession of committee books and records.

Full Name	Mailing Address	Title or Position
Floyd E. Hodges, Jr.	700 N. Pearl #385-223, Dallas, Tx 75201	Executive Director

8. Treasurer: List the name and address (phone number - optional) of the treasurer of the committee; and the name and address of any designated agent (e.g., assistant treasurer).

Full Name	Mailing Address	Title or Position
Floyd E. Hodges, Jr.	700 N. Pearl #385-223, Dallas, Tx 75201	Executive Director

9. Banks or Other Depositories: List all banks or other depositories in which the committee deposits funds, holds accounts, rents safety deposit boxes or maintains funds.

Name of Bank, Depository, etc.	Mailing Address and ZIP Code
BANK ONE	700 E. Campbell Road, Richardson, Tx 75081

I certify that I have examined this Statement and to the best of my knowledge and belief it is true, correct and complete.

TYPE OR PRINT NAME OF TREASURER Floyd E. Hodges, Jr.	SIGNATURE OF TREASURER 	DATE 1/29/99
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NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Statement to the penalties of 2 U.S.C. §437g. ANY CHANGE IN INFORMATION SHOULD BE REPORTED WITHIN 10 DAYS.

For further information contact:
Federal Election Commission
Toll-free 800-424-9530
Local 202-219-3420

FEBAN121

FEC FORM 1
(revised 4/87)

ATTACHMENT B

Texas Ethics Commission

Texans For Good Government

00038997

Report Due Date: 01/15/1999

Period Covered : 09/28/1998 - 12/31/1998

1. Total Political Contributions of \$50 or less, unless itemized 0.00
2. Total Political Contributions 26195.00
3. Total Amount of Outstanding Loans as of the last day of the reporting period 0.00
4. Total Political Expenditures of \$50 or less, unless itemized 0.00
5. Total Political Expenditures 828.00

Texans For Good Government

Account: 00038997

Committee Type: General Purpose

Files Reports: Semi-Annually

Hodges Jr., Floyd E.

280 W Renner Rd., 2611

Richardson, TX 75081

972-238-1607

700 N. Pearl

Suite: 385-223

Dallas, TX 75201-7424

(972) 238-1607

Filing Status: Active

Starting Date: 09/25/98

ATTACHMENT C

★
Texans For Good Government

Executive Director
Ed Hodges

700 North Pearl
Suite 385-223
Dallas, Texas 75201

972-238-1607
Fax 972-238-9107

710 North Post Oak Road
Suite 107
Houston, Texas 77024

713-681-1996
Fax 713-681-8402

November 27, 1998

As U.S. Senator Phil Gramm's state director and political director for several years, I have enjoyed working with you and your help has been greatly appreciated. Now, I am asking you to join in an effort that can really make a difference for you, your family, for Texas, and America.

During my time with Senator Phil Gramm I have enjoyed working on issues that we care about, like balancing the budget, cutting taxes and reducing regulation, but I have become increasingly disturbed at liberal Democrats who talk conservative, but vote liberal.

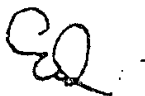
Democrats like Chat Edwards are taking credit for the robust economy, while their voting record reflects one of a tax-and-spend liberal that opposes our pro-jobs, pro-growth, Republican agenda.

GOP leaders will begin in January to push an agenda to improve the country's business climate, cut taxes, and reduce burdensome regulations, while liberal Democrats, like Congressmen Edwards, will fight us every step of the way.

Texans for Good Government will run targeted TV and radio commercials in Democrat districts across Texas to expose Democrats when they talk conservative but vote liberal. We will also issue press releases, hold news conferences, and conduct a letter-to-the-editor campaign to point out their inconsistencies.

Your contribution of \$100, \$50, \$25, or \$10 will buy needed TV and radio commercials to push our issues and will guarantee that this historic opportunity to change America does not pass us by. The congressional session begins in January, so your contribution is needed as soon as possible in order to buy the TV and radio time that is so crucial. If you have any questions, please call me at 972/238-1607.

Sincerely,



Ed Hodges
Executive Director

100T "204" 402 20

ATTACHMENT D

★
Texans For Good Government

January 5, 1999

Ray Orr
PO Box 10
De Soto, TX 75123-0010

Dear Ray,

Are you happy with Martin Frost as your congressman? If not, you have reason. Martin Frost is one of the most liberal members of the Texas congressional delegation, as you will note on the attached voting record scorecard.

Martin Frost repeatedly talks conservative in Texas, but votes liberal in Washington. Below are a few of his votes over the last three years alone which are out of touch with his constituents and the business community.

- Voted to increase funding for Legal Services Corporation (taxpayer funded lawyers).
- Voted against a bill to reform welfare.
- Voted against a bill to sunset the tax code by 2002.
- Voted against a bill making health insurance premiums 100 percent deductible for the self-employed.
- Voted against a bill allowing for comp-time and flex-time in the workforce.
- Voted against a bill to cut taxes by \$150 billion over five years.
- Voted against a bill to limit the growth of government to the rate of inflation.
- Voted against a bill to overhaul product liability.

Martin Frost represents a district which is almost 50% Republican; however, he continues to vote liberal, because nobody holds him accountable for his votes. We will!

We can defeat Martin Frost, but to do so we must expose his liberal votes in Congress. Texans for Good Government will run TV and radio commercials to expose Lampson's liberal votes. We will also issue press releases, hold news conferences, and conduct a letter-to-the-editor campaign.

Your contribution of \$100, \$50 or \$25 will buy needed TV and radio commercials to help run an effective campaign to defeat Democrats like Martin Frost. The congressional session begins in mid-January, so your contribution is needed as soon as possible in order to buy the TV and radio time that is so crucial.

Sincerely,



Ed Hodges
Executive Director

Executive Director
Ed Hodges

701 North Pearl
Suite 403-223
Dallas, Texas 75201

972 331-1667
Fax 972 331-6107

719 North Pearl (Club Row)
Suite 151
Dallas, Texas 75201

713 4691-1998
Fax 713 4691-3482

ATTACHMENT E

★
Texans For Good Government

10300 North Central Expressway, Suite 220
Dallas, Texas 75231
214/739-5550
214/739-5520 (fax)

FAX

TO:

FROM: Ed Hodges

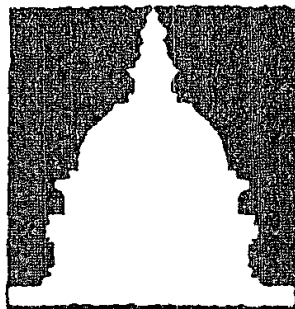
DATE: April 1, 1999

RE: "Salute to Pete Sessions"

PAGES TO FOLLOW: 1

We would be honored if you would serve on the host committee for the "Salute to Pete Sessions" event. Others already on the host committee include Al G. Hill, Jr.; Felix Chen; Dan and Gail Cook; James L. Blythe; and Alfonso Jackson.

Please complete the attached form. If you have any questions, please do not hesitate to call.



PLEASE JOIN
TEXANS FOR GOOD GOVERNMENT
AT A RECEPTION HONORING
CONGRESSMAN PETE SESSIONS
FRIDAY, APRIL 30, 1999

Yes, I want to honor Pete Sessions - the most conservative member of Congress. Tell Pete I support his and Texans For Good Government's efforts to gain a Texas GOP Congressional Majority in the year 2000 by serving on the Host Committee as a:

_____ Longworth Host \$ 2,000.00

_____ Cannon Host \$ 1,000.00

_____ Rayburn Host \$ 500.00

_____ I am unable to attend this event, but will contribute
\$ _____ to Texans For Good Government.

Name		
Address		
City	State	Zip Code
Office Phone		Fax Phone
Employer		Occupation

Please make checks payable to:

Texans For Good Government
10300 N. Central Expwy., Suite 220
Dallas, Texas 75231
Contact: Loretta Campbell
(214) 739-5550 (214) 739-5520 fax
Corporate, foundation, PAC and personal checks are permitted.

POSTED 2014-10-23 20:04:40Z